IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

APPEAL BRIEF

This brief is filed in support of Applicant's Appeal from the final rejection dated September 7, 2006. Consideration of the application and reversal of the rejection are respectfully urged.

(i) Real party in interest.

The real party in interest is the assignee, Merrill Lynch & Co. Inc.

(ii) Related appeals and interferences.

The applicant is unaware of any prior and pending appeals, interferences or judicial proceedings which may be related to, directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(iii) Status of claims.

The application was filed with 95 claims. An amendment was filed October 25, 2006. The amendment was never entered, therefore the status of the claims as follows:

- Claims 1- 95 are rejected.

- Claims 10-25, 35-43, 52-59, 62-75, 77-90, 92, and 95 are being appealed.

The Examiner refused to enter the amendment filed October 25, 2006 that cancels claim 1-9, 26-34, 44-51, 60-61, 76, 91, and 93-94, stating that the amendment did not place the application in better form for appeal by materially reducing or simplifying the issues for appeal.

(iv) Status of amendments.

An amendment was filed October 25, 2006. The amendment was not entered by the Examiner because it was not deemed to place the application in better form for appeal by materially reducing or simplifying the issues for the appeal. However, under 37 CFR 1.116 an amendment after a final rejection or other final action may be made canceling claims.

(v) Summary of claimed subject matter.

It is noted that the application was filed electronically and thus does not have unambiguous page and line numbers. For that reason, citations are not to page and line numbers but are instead to numbered paragraphs of the electronically filed application.

A summary of a first embodiment of the invention, typified by claim 10, follows.

In this embodiment, a financial instrument is issued by a stock company and held by a holder, shares of stock of the company trading at a price. The financial instrument has a market price as shown in paragraph 4 of the specification.

The instrument has a provision obligating the company to repay the principal according to a predetermined conversion price. This provision is described in paragraph 68 of the specification.

The instrument has also a provision making the instrument convertible into a predetermined number of shares of stock of the company at a predetermined conversion price. This provision is shown in Fig. 5, box 508. The provision is also described in paragraphs 61 and 69 of the specification.
The instrument has also a provision that obligates the company to make a payment to the holder with

respect to the passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof. The accreted value is defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity. This provision is shown in Fig. 5, box 22 and Fig. 6, box 603. The provision is also described in paragraphs 29, 37, 62, 63 and 69 of the specification.

A summary of a second embodiment of the invention, typified by claim 18, follows.

In this embodiment, an offering document is a financial instrument issued by a stock company and held by a holder. Shares of stock of the company trade at a price. The instrument has a market price as shown in paragraph 4 of the specification.

The offering document has a provision obligating the company to repay the principal according to a predetermined conversion price. This provision is described in paragraph 68 of the specification.

The offering document also has a provision making the instrument convertible into a predetermined number of shares of stock in the company at a predetermined conversion price. This provision is shown in Fig. 5, box 508. The provision is also described in paragraphs 61 and 69 of the specification.

The offering document has also a provision that obligates the company to make a payment to the holder with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof. The accreted value is defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity. This provision is shown in Fig. 5, box 22 and Fig. 6, box 603. The provision is also described in paragraphs 29, 37, 62, 63 and 69 of the specification.

A summary of a third embodiment of the invention, typified by claim 35, follows.

In this embodiment an offering document is a financial instrument issued by a stock company and held by a holder. Shares of stock of the company trade at a price. The instrument has a market price as shown in paragraph 4 of the specification.

The offering document also has a provision which makes the instrument convertible into a predetermined number of shares of stock of the company at a predetermined conversion price. This provision is shown in Fig. 5, box 508. The provision is also described in paragraphs 61 and 69 of the specification.

The offering document also has a provision obligating the company to make a payment to the holder upon a contingency. This provision is shown in Fig. 5, box 517 and in Fig. 6, box 603. The provision is also described in paragraphs 9, 62 and 63 of the specification.

The offering document further comprises an indication that the issuer will report income to the holder based upon a yield at which the issuer would issue a fixed-rate, nonconvertible debt instrument comparable to the financial instrument. This indication is described in paragraph 40 of the specification.

A summary of a fourth embodiment of the invention, typified by claim 52, follows.

In this embodiment, an offering document is a financial instrument issued by a stock company and held by a holder. Shares of stock of the company trade at a price. The instrument has a market price as shown in paragraph 4 of the specification. The instrument has a provision obligating the company to repay the principal according to a predetermined term.

The offering document has a provision making the instrument convertible into a predetermined number of shares of stock of the company at a predetermined conversion price. This provision is described in paragraph 68 of the specification.

The offering has a provision obligating the company to make a payment to the holder with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity. This provision is shown in Fig. 5, box 22 and Fig. 6,

box 603. The provision is also described in paragraphs 29, 37, 62, 63 and 69 of the specification.

The offering document further comprises an indication that the issuer will report income to the holder based upon a yield at which the issuer would issue a fixed-rate, nonconvertible debt instrument comparable to the financial instrument. This indication is described in paragraph 40 of the specification.

A summary of a fifth embodiment of the invention, typified by claim 62, follows.

In this embodiment a financial instrument is held by a holder. The instrument has a market price, as shown in paragraph 4 of the specification.

The financial instrument has a provision making the instrument convertible or exchangeable into a predetermined number of underlying securities at a predetermined conversion or exchange price. This provision is described in paragraph 68 of the specification.

The financial instrument also has a provision obligating the company to make a payment to the holder with respect to the passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity. This provision is shown in Fig. 5, box 22 and Fig. 6, box 603. The provision is also described in paragraphs 29, 37, 62, 63 and 69 of the specification.

A summary of a sixth embodiment of the invention, typified by claim 69, as follows.

In this embodiment a financial instrument is held by a holder. This financial instrument has a market price, as shown in paragraph 4 of the specification.

The financial instrument contains a provision making the instrument convertible or exchangeable

into a predetermined number of an underlying securities at a predetermined conversion or exchange price. This provision is described in paragraph 68 of the specification.

The financial instrument also contains a provision obligating the company to make a payment to the holder with respect to the passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity. This provision is shown in Fig. 5, box 22 and Fig. 6, box 603. The provision is also described in paragraphs 29, 37, 62, 63 and 69 of the specification.

A summary of a seventh embodiment of the invention, typified by claim 77, as follows.

In this embodiment a financial instrument relates to an underlying security. The underlying security trading at a price. The instrument has a market price as described in paragraph 4 of the specification.

The financial instrument has a provision making the instrument convertible or exchangeable into a predetermined number of the underlying securities at a predetermined conversion or exchange price. This provision is described in paragraph 68 of the specification.

The financial instrument also has a provision obligating the company to make a payment to the holder with respect to the passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity. This provision is shown in Fig. 5, box 22 and Fig. 6, box 603. The provision is also described in paragraphs 29, 37, 62, 63 and 69 of the specification.

A summary of an eighth embodiment of the invention, typified by claim 84, as follows.

In this embodiment an offering document is a financial instrument relating to an underlying security. The underlying security trades at a price. The instrument has a market price as

described in paragraph 4 of the specification.

The offering document has a provision making the instrument convertible or exchangeable into a predetermined number of the underlying securities at a predetermined conversion or exchange price. This provision is described in paragraph 68 of the specification.

The offering document also has a provision obligating the company to make a payment to the holder with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity. This provision is shown in Fig. 5, box 22 and Fig. 6, box 603. The provision is also described in paragraphs 29, 37, 62, 63 and 69 of the specification.

A summary of a ninth embodiment of the invention, typified by claim 92, follows.

In this embodiment an offering document is a financial instrument relating a stock company. The shares of stock of the company trade at a price. The instrument has a market price as described in paragraph 4 of the specification.

The offering document has a provision obligating the company to repay the principal according to a predetermined term. This provision is described in paragraph 68 of the specification.

The offering document also has a provision making the instrument convertible into a predetermined number of shares of stock of the company at a predetermined conversion price. This provision is shown in Fig. 5, box 508. The provision is also described in paragraphs 61 and 69 of the specification.

The offering document also has a provision obligating the company to make a payment to the holder with respect to a contingency. This provision is shown in Fig. 5, box 517 and in Fig. 6, box 603. The provision is also described in paragraphs 62 and 63 of the specification.

The offering document further comprises an indication that the issuer will report income to the holder based upon a yield at which the issuer would issue a fixed-rate, nonconvertible debt instrument comparable to the financial instrument. This indication is described in paragraph 40 of the specification.

A summary of a tenth embodiment of the invention, typified by claim 95, follows.

In this embodiment an offering document is a financial instrument. The instrument has a market price, as shown in paragraph 4 of the specification.

The offering document has a provision making the instrument exchangeable into a predetermined number of shares of stock of a company. This provision is shown in Fig. 5, box 508. The provision is also described in paragraphs 61 and 69 of the specification.

The offering document also has a provision obligating the company to make a payment to the holder with respect to a contingency. This provision is shown in Fig. 5, box 517 and in Fig. 6, box 603. The provision also described in paragraphs 62 and 63 of the specification.

The offering document further comprises an indication that the issuer will report income to the holder based upon a yield at which the issuer would issue a fixed-rate, nonconvertible debt instrument comparable to the financial instrument. This indication is described in paragraph 40 of the specification.

(vi) Grounds of rejection to be reviewed on Appeal.

A. Whether the rejection of claims 10-25, 35-43, 52-59, 62-75, 84-90, 92 and 95 as supposedly "directed to non-statutory subject matter" under 35 USC Section 101, because they recite a "financial instrument" or an "offering document", should be reversed.

(vii) Argument.

Whether the rejection of claims 10-25, 35-43, 52-59, 62-75, 84-90, 92 and 95 as supposedly "directed to non-statutory subject matter" under 35 USC Section 101, because they recite a "financial instrument" or an "offering document", should be reversed.

Claim 10 is:

> A financial instrument issued by a stock company and held by a holder, shares of stock of the company trading at a price, the instrument having a market price, the instrument comprising: a provision obligating the company to repay the principal according to a predetermined term; a provision making the instrument convertible into a predetermined number of shares of stock of the company at a predetermined conversion price;
>
> a provision obligating the company to make a payment to the holder with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity.

The Board's attention is respectfully drawn to the USPTO's *White Paper on Automated Financial or Management Data Processing Methods [Business Methods]* dated February 24, 2005, made of record in this application on June 20, 2006. The USPTO's White paper says:

> Financial apparatus and method patents date back to this period [1790, the time of Thomas Jefferson and the first patent statute]. These early financial patents were largely ***paper-related*** products and methods. The first financial patent was granted on March 19, 1799, to Jacob Perkins of Massachusetts for an invention for "Detecting Counterfeit Notes." All details of Mr. Perkins invention, which we presume was a device or process in the printing art, were lost in the great Patent Office fire of 1836. We only know of its existence from other sources. Mr. Perkins was perhaps our young nation's most prolific early inventor with nearly 1% of all patents from our first quarter century. Upon his death in 1849, his obituary filled three pages of the Commissioner of Patents annual report to Congress. The first financial patent for which any detailed written description survives was to a printing method entitled "A Mode of Preventing Counterfeiting" granted to John Kneass on April 28, 1815. The first fifty years of the U.S. Patent Office saw the granting of forty-one financial patents in the arts of bank notes (2 patents), bills of credit (1), bills of exchange (1), check blanks (4); detecting and preventing counterfeiting (10), coin counting (1), interest calculation tables (5), and lotteries (17). ***Financial patents in the paper-based technologies have been granted continuously for over two hundred years***. See Appendix A for sample Patents.

(USPTO's *White Paper on Automated Financial or Management Data Processing Methods [Business Methods]* dated February 24, 2005, emphasis added.

Below are some of the "sample patents" directed to paper-related inventions, listed by the

USPTO in Appendix A of its *White Paper on Automated Financial or Management Data Processing Methods [Business Methods]:*

US Patent number	***Title***	***Inventor***	***Date***
X2301	Bank Note Printing	Kneas	April 28, 1815
871	Bank Note	Watson	August 3, 1838
63889	Hotel-Register	Hawes	April 16, 1857
138891	Revenue Stamps	Hunter	May 13, 1873
575731	Insurable Property Chart	Powers et al.	January 26, 1897
853852	Insurance System	Adams	May 14, 1922
1406561	Business Form	Howard	February 14, 1922
3556563	Booklet and Cards for Use In A Limited Credit System	Scheinberg et al.	July 9, 1969

See also claim 1 of United States Patent number 5062666 to Mowry et al. ("Financial instrument and method of making"), mentioned at page 5 of the specification and cited by the applicant herein in an Information Disclosure Statement dated February 7, 2003 and considered by the Examiner:

> An international financial instrument comprising a face having a first area and a second area, a multi-letter international monetary code printed on said first area, an amount printed on said second area, said monetary code comprising a three letter code consisting of letters printed in a negative pattern and formed by a series of rows of printed dots to define an outline of each of said letters.

These many patents granted by the USPTO (and there are many others) show that the mere fact of a claim being related to a paper document such as a financial instrument or an offering document does not and cannot automatically cause the claimed invention to be non-statutory subject matter. Copies of these patents are of record in this application, having been filed on January 16, 2007.

The Examiner further rejects the above mentioned claims on the view that they are supposedly directed to a disembodied data structure which is supposedly *per se* non statutory (*In re Warmerdam*, No. 93-1294 (Fed. Cir. August 11, 1994)). The Examiner also expresses the view that in the present case, the claimed data structure is a mere arrangement of data <u>without any associated functionality.</u>

The Examiner quotes MPEP section 2106. IV. B. 1:

> "When nonfunctional descriptive material is recorded on some computer-readable medium, it is not statutory since no requisite functionality is present to satisfy the practical application requirement. Merely claiming nonfunctional descriptive material stored in a computer-readable medium does not make it statutory. Such a result would exalt over substance. *In re Sarkar*, 588 F. 2d 1330, 1333, 200 USPQ 132, 137 (CCPA 1978) ("[E]ach invention must be evaluated as claimed; yet semantogenic considerations preclude a determination based solely on words appearing in the claims. In the final analysis under 101, the claimed invention, as a whole, must be evaluated for what it is.") (quoted with approval in *Abele*, 684 F. 2d at 907, 214 USPQ at 687). See also *In re Johnson*, 589 F. 2d 1070, 1077, 200 USPQ 199, 206 (CCPA 1978) ("form of the claim is often an exercise in drafting"). Thus, nonstatutory music is not a computer component and it does no become statutory by merely recording in on a computer disk."

The applicant respectfully disagrees with the Examiner's above-mentioned view. It may be helpful to consider another type of claimed invention, namely a claim directed to computer-readable media ("CRM" or "In Re Lowry" claim or "Beauregard" claim). For many years, Examiners routinely rejected claims directed to computer-readable media containing novel and unobvious content, but these refusals stopped after *In re Lowry,* 32 F.3d 1579, 1583-84, 32 USPQ2d 1031, 1035 (Fed. Cir. 1994). Since that time, Examiners have been directed not to reject claims to such computer-readable media, as discussed for example at MPEP section 2106(IV)(B)(1):

> When functional descriptive material is recorded on some computer-readable medium it becomes structurally and functionally interrelated to the medium and will be statutory in most cases since use of technology permits the function of the descriptive material to be realized. Compare *In re Lowry*, 32 F.3d 1579, 1583-84, 32 USPQ2d 1031, 1035 (Fed. Cir. 1994) (claim to data structure stored on a computer readable medium that increases computer efficiency held statutory) and *Warmerdam*, 33 F.3d at 1360-61, 31 USPQ2d at 1759 (claim to computer having a specific data structure stored in memory held statutory product-by-process claim).

By analogy, when functional descriptive material, such as the material set forth in the present rejected claims, is recorded on a "financial instrument" or an "offering document," it likewise "becomes structurally and functionally interrelated to the medium and will be statutory in most cases." Use of the financial instruments or offering documents "permits the function of the descriptive material to be realized."

The Examiner also states:

> applicant's argument that the data structure of the computer readable medium "stores data that defines organizational model that controls a network-based budget planning system for reconciliation of target data and forecast data for an organization" is not persuasive because the data structures themselves are passive and cannot perform any function.

In response, Applicant pointed out that the text quoted by the Examiner could not be found in

any of Applicant's office action responses. The undersigned is unaware of applicant making that argument and requested that the Examiner identify when and where that argument was made. No such citation has been made by the Examiner in response to this request.

The Examiner also expresses the view that:

> only when Data structures are used or accessed in conjunction with programmed computer instructions code to realize the underlying functionality. In the instant case, the data structure is mere arrangement of storing data pertaining to an organizational model which is intended to perform the aforementioned functionality, however, the functionality itself as asserted by the applicant is not positively recited.

The applicant also respectfully disagrees with the Examiner's above-mentioned view. In re Mayer and Weissman, 215 USPQ 193, the court stated that in considering a claim for compliance with 35 USC 101, it must be determined whether a scientific principle, law of nature, idea, or mental process, which may be represented by a mathematical algorithm, is included in the subject matter of the claim; if it is, it must be determined whether such principle, law, idea, or mental process is applied in an invention of type set forth in 35 USC 101. Furthermore, in State Street Bank & Trust Co. v. Signature Financial Group Inc., 149 F3d at 1368, the court stated that the question of whether a claim encompasses statutory subject matter should not focus on *which* of the four categories of subject matter a claim is directed to – process, machine, manufacture, or composition of matter – but rather on the essential characteristics of the subject matter, in particular, *its practical utility*. Section 101 specifies that statutory subject matter must also satisfy the other "conditions and requirements" of Title 35, including novelty, nonobviousness, and adequacy of disclosure and notice. *See In re Warmerdam,* 33 F3d 1354. Claim 1 in State Street was directed to a machine programmed with Hub and Spoke software and admittedly produced a "useful, concrete, and tangible result."*Alappat,* 33 F3d at 1544. This renders it statutory subject matter, even if the useful result is expressed in numbers, such as price, profit, percentage, cost, or loss.

For purposes of our analysis, claim 10 is directed to a financial instrument that contains several provisions: a provision obligating the company to repay the principal according to a predetermined term; a provision making the instrument convertible into a predetermined number of shares of stock of the company at a predetermined conversion price; a provision obligating the company to make a payment to the holder with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value. These provisions produce useful,

concrete and tangible results. Thus, this renders it statutory subject matter and the rejection of the independent claim 10 should be reversed.

Finally, when the financial instrument of independent claim 10 is inserted into the present legal system it forces the legal system to function. The definition of the legal system is the body or system recognized by a community that is enforceable by established process. The definition of the financial instrument is a legally enforceable agreement between two or more parties, expressing a contractual right or a right to the payment of money. The functionality of the legal system in claim 10 is expressed in a financial institution paying a holder of a financial instrument according to the terms of the document. The functionality of the legal system is also expressed by requiring financial institutions to convert a financial instrument according to the terms of the document. Thus, the embodiment disclosed in an independent claim 10 presents statutory subject matter. Therefore, the rejection of the independent claim 10 should be reversed.

Claims 11-25 are dependent on claim 10. Thus, the rejection of these claims should also be reversed. Analogous arguments are applied to claims 35-43, 52-59, 84-90, 92 and 95, therefore, the rejection of these claims should be reversed as well.

(viii) Claims appendix. An appendix containing a copy of the claims involved in the appeal.

10. A financial instrument issued by a stock company and held by a holder, shares of stock of the company trading at a price, the instrument having a market price, the instrument comprising:

a provision obligating the company to repay the principal according to a predetermined term;

a provision making the instrument convertible into a predetermined number of shares of stock of the company at a predetermined conversion price;

a provision obligating the company to make a payment to the holder with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity.

11. The financial instrument of claim 10 wherein the predetermined relationship is that a predetermined function of the market price of the instrument is greater than 120 percent of the instrument's accreted value.

12. The financial instrument of claim 11 wherein the predetermined function of the market price is the average market price for a measurement period.

13. The financial instrument of claim 11 wherein the time interval is six months.

14. The financial instrument of claim 12 wherein the amount of the payment is selected to be the greater of:

an amount of any dividend per share of the stock in the interval multiplied by the number of shares of stock into which the instrument may be converted, or

a predetermined percentage of the average market price of the instrument for the measurement period.

15. The financial instrument of claim 10 wherein the payment is made over time.

16. The financial instrument of claim 10 wherein the payment is made by adjusting the principal amount.

17. The financial instrument of claim 10 wherein the amount of the payment is determined as a function of a value selected from the set consisting of:

such dividends as holder of the underlying security would normally receive;

a value of a predetermined index;

a value of a reference security;

a value of a pool of securities;

a value of a pool of indices, and

a value of a pool of securities and indices.

18. An offering document offering a financial instrument issued by a stock company and held by a holder, shares of stock of the company trading at a price, the instrument having a market price, the instrument comprising:

a provision obligating the company to repay the principal according to a predetermined term;

a provision making the instrument convertible into a predetermined number of shares of stock of the company at a predetermined conversion price;

a provision obligating the company to make a payment to the holder with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity.

19. The offering document of claim 18 wherein the predetermined relationship is that a predetermined function of the market price of the instrument is greater than 120 percent of the instrument's accreted value.

20. The offering document of claim 19 wherein the predetermined function of the market price is the average market price for a measurement period.

21. The offering document of claim 18 wherein the time interval is six months.

22. The offering document of claim 20 wherein the amount of the payment is selected to be the greater of:

an amount of any dividend per share of the stock in the interval multiplied by the number of shares of stock into which the instrument may be converted, or

a predetermined percentage of the average market price of the instrument for the measurement period.

23. The offering document of claim 18 wherein the payment is made over time.

24. The offering document of claim 18 wherein the payment is made by adjusting the principal amount.

25. The offering document of claim 18 wherein the amount of the payment is determined as a function of a value selected from the set consisting of:

such dividends as holder of the underlying security would normally receive;

a value of a predetermined index;

a value of a reference security;

a value of a pool of securities;

a value of a pool of indices, and

a value of a pool of securities and indices.

period.

35. An offering document offering a financial instrument comprising issued by a stock company and held by a holder, shares of stock of the company trading at a price, the instrument having a market price, the instrument comprising:

a provision obligating the company to repay the principal according to a predetermined term;

a provision making the instrument convertible into a predetermined number of shares of stock of the company at a predetermined conversion price;

a provision obligating the company to make a payment to the holder upon a contingency;

the offering document further comprising an indication that the issuer will report income to the holder based upon a yield at which the issuer would issue a fixed-rate, nonconvertible debt instrument comparable to the financial instrument.

36. The offering document of claim 35 in which the contingency is with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity.

37. The offering document of claim 35 wherein the predetermined relationship is that a predetermined function of the market price of the instrument is greater than 120 percent of the instrument's accreted value.

38. The offering document of claim 37 wherein the predetermined function of the market price is the average market price for a measurement period.

39. The offering document of claim 36 wherein the time interval is six months.

40. The offering document of claim 35 wherein the amount of the payment is selected to be the greater of:

an amount of any dividend per share of the stock in the interval multiplied by the number of shares of stock into which the instrument may be converted, or

a predetermined percentage of the average market price of the instrument for the measurement period.

41. The offering document of claim 35 wherein the payment is made over time.

42. The offering document of claim 35 wherein the payment is made by adjusting the principal amount.

43. The offering document of claim 35 wherein the amount of the payment is determined as a function of a value selected from the set consisting of:

such dividends as holder of the underlying security would normally receive;

a value of a predetermined index;

a value of a reference security;

a value of a pool of securities;

a value of a pool of indices, and

a value of a pool of securities and indices.

52. An offering document offering a financial instrument comprising issued by a stock company and held by a holder, shares of stock of the company trading at a price, the instrument having a

market price, the instrument comprising: a provision obligating the company to repay the principal according to a predetermined term;

a provision making the instrument convertible into a predetermined number of shares of stock of the company at a predetermined conversion price;

a provision obligating the company to make a payment to the holder with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity;

the offering document further comprising an indication that the issuer will report income to the holder based upon a yield at which the issuer would issue a fixed-rate, nonconvertible debt instrument comparable to the financial instrument.

53. The offering document of claim 52 wherein the predetermined relationship is that a predetermined function of the market price of the instrument is greater than 120 percent of the instrument's accreted value.

54. The offering document of claim 53 wherein the predetermined function of the market price is the average market price for a measurement period.

55. The offering document of claim 52 wherein the time interval is six months.

56. The offering document of claim 54 wherein the amount of the payment is selected to be the greater of:

an amount of any dividend per share of the stock in the interval multiplied by the number of shares of stock into which the instrument may be converted, or

a predetermined percentage of the average market price of the instrument for the measurement period.

57. The offering document of claim 52 wherein the payment is made over time.

58. The offering document of claim 52 wherein the payment is made by adjusting the principal amount.

59. The offering document of claim 52 wherein the amount of the payment is determined as a function of a value selected from the set consisting of:

such dividends as holder of the underlying security would normally receive;

a value of a predetermined index;

a value of a reference security;

a value of a pool of securities;

a value of a pool of indices, and

a value of a pool of securities and indices

62. A financial instrument held by a holder, the instrument having a market price, the instrument comprising:

a provision making the instrument convertible or exchangeable into a predetermined number of an underlying security at a predetermined conversion or exchange price;

a provision obligating the company to make a payment to the holder with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to

an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity.

63. The financial instrument of claim 62 wherein the predetermined relationship is that a predetermined function of the market price of the instrument is greater than 120 percent of the instrument's accreted value.

64. The financial instrument of claim 63 wherein the predetermined function of the market price is the average market price for a measurement period.

65. The financial instrument of claim 63 wherein the time interval is six months.

66. The financial instrument of claim 62 wherein the payment is made over time.

67. The financial instrument of claim 62 wherein the payment is made by adjusting the principal amount.

68. The financial instrument of claim 62 wherein the amount of the payment is determined as a function of a value selected from the set consisting of:

such dividends as holder of the underlying security would normally receive;

a value of a predetermined index;

a value of a reference security;

a value of a pool of securities;

a value of a pool of indices, and

a value of a pool of securities and indices.

69. An offering document offering a financial instrument held by a holder, the instrument having a market price, the instrument comprising:

provision making the instrument convertible or exchangeable into a predetermined number of an underlying security at a predetermined conversion or exchange price;

a provision obligating the company to make a payment to the holder with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity.

70. The offering document of claim 69 wherein the predetermined relationship is that a predetermined function of the market price of the instrument is greater than 120 percent of the instrument's accreted value.

71. The offering document of claim 70 wherein the predetermined function of the market price is the average market price for a measurement period.

72. The offering document of claim 69 wherein the time interval is six months.

73. The offering document of claim 69 wherein the payment is made over time.

74. The offering document of claim 69 wherein the payment is made by adjusting the principal amount.

75. The offering document of claim 69 wherein the amount of the payment is determined as a function of a value selected from the set consisting of:

such dividends as holder of the underlying security would normally receive;
a value of a predetermined index;

a value of a reference security;

a value of a pool of securities;

a value of a pool of indices, and

a value of a pool of securities and indices.

77. A financial instrument relating to an underlying security, the underlying security trading at a price, the instrument having a market price, the instrument comprising:

a provision making the instrument convertible or exchangeable into a predetermined number of the underlying security at a predetermined conversion or exchange price;

a provision obligating the company to make a payment to the holder with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity.

78. The financial instrument of claim 77 wherein the predetermined relationship is that a predetermined function of the market price of the instrument is greater than 120 percent of the instrument's accreted value.

79. The financial instrument of claim 78 wherein the predetermined function of the market price is the average market price for a measurement period.

80. The financial instrument of claim 78 wherein the time interval is six months.

81. The financial instrument of claim 77 wherein the payment is made over time.

82. The financial instrument of claim 77 wherein the payment is made by adjusting the principal amount.

83. The financial instrument of claim 77 wherein the amount of the payment is determined as a function of a value selected from the set consisting of:

such dividends as holder of the underlying security would normally receive;

a value of a predetermined index;

a value of a reference security;

a value of a pool of securities;

a value of a pool of indices, and

a value of a pool of securities and indices.

84. An offering document offering a financial instrument relating to an underlying security, the underlying security trading at a price, the instrument having a market price, the instrument comprising:

a provision making the instrument convertible or exchangeable into a predetermined number of the underlying security at a predetermined conversion or exchange price;

a provision obligating the company to make a payment to the holder with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an

economic accrual of a portion of a difference between the issue price and the principal amount at maturity.

85. The offering document of claim 84 wherein the predetermined relationship is that a predetermined function of the market price of the instrument is greater than 120 percent of the instrument's accreted value.

86. The offering document of claim 85 wherein the predetermined function of the market price is the average market price for a measurement period.

87. The offering document of claim 84 wherein the time interval is six months.

88. The offering document of claim 84 wherein the payment is made over time.

89. The offering document of claim 84 wherein the payment is made by adjusting the principal amount.

90. The offering document of claim 84 wherein the amount of the payment is determined as a function of a value selected from the set consisting of:

such dividends as holder of the underlying security would normally receive;

a value of a predetermined index;

a value of a reference security;

a value of a pool of securities;

a value of a pool of indices, and

a value of a pool of securities and indices.

92. An offering document offering a financial instrument relating a stock company, shares of stock of the company trading at a price, the instrument having a market price, the instrument comprising:

a provision obligating the company to repay the principal according to a predetermined term;

a provision making the instrument convertible into a predetermined number of shares of stock of the company at a predetermined conversion price;

a provision obligating the company to make a payment to the holder with respect to a contingency;

the offering document further comprising an indication that the issuer will report income to the holder based upon a yield at which the issuer would issue a fixed-rate, nonconvertible debt instrument comparable to the financial instrument.

95. An offering document offering a financial instrument, the instrument having a market price, the instrument comprising:

a provision making the instrument exchangeable into a predetermined number of shares of stock of a company;

a provision obligating the company to make a payment to the holder with respect to a contingency;

the offering document further comprising an indication that the issuer will report income to the holder based upon a yield at which the issuer would issue a fixed-rate, nonconvertible debt instrument comparable to the financial instrument.

(ix) Evidence appendix. An appendix containing copies of any evidence submitted pursuant to §§ 1.130, 1.131, or 1.132 of this title or of any other evidence entered by the examiner and relied upon by appellant in the appeal, along with a statement setting forth where in the record that evidence was entered in the record by the examiner.

(none)

(x) Related proceedings appendix. An appendix containing copies of decisions rendered by a court or the Board in any proceeding identified pursuant to paragraph (c)(1)(ii) of this section.

There is no proceeding identified pursuant to paragraph (c)(1)(ii) of this section. Therefore there are no decisions rendered by a court or the Board in any proceeding identified pursuant to paragraph (c)(1)(ii) of this section. Therefore this "Related proceedings appendix" (located here on this page) is empty.

Respectfully submitted,

/s/

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